



STATE BOARD OF EQUALIZATION

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Executive Secretary
No. 82/77

TO COUNTY ASSESSORS:

ASSESSMENT OF POSSESSORY INTERESTS IN UNDEVELOPED MINERAL RIGHTS CONTRASTED WITH SHORT-TERM POSSESSORY INTEREST ASSESSMENT

We have had several questions regarding change of ownership in possessory interests in mining claims when an annual proof of labor is filed. It is our position that this does not constitute a change of ownership.

By expending certain labor, money, and filing proof of such, the holder of a mining claim unilaterally perpetuates his possessory interest in the claim; no new government permission is necessary. The scope of the right does not change, nor are new rights created. The holder has simply satisfied a condition for continuation of the right acquired by the holder when the claim was filed.

The filing of a proof of labor does not transfer a present interest including the beneficial use thereof that is equivalent to the fee interest provided for in Section 60 of the California Revenue and Taxation Code. In addition, it does not meet the criteria expressed in Section 61(b) or in Rule No. 467 of the California Administrative Code which provide that a change of ownership in a possessory interest occurs when the interest is created, renewed, subleased, assigned, or extended.

This does not change our position on the renewal of short-term leases on tax-exempt land such as grazing rights, boat slips, or airplane tie downs. Such renewals are clearly a change of ownership under Section 61(b) of the Revenue and Taxation Code.

I hope that this information is helpful to you. If you have any questions, please contact our Technical Services Section at (916) 445-4982.

Sincerely,

Verne Walton, Chief
Assessment Standards Division

VW:cam
AGC-02-1353A

CHANGE IN OWNERSHIP

- | 220.0549 **Possessory Interests.** The existence of options to renew a lease that creates a possessory interest in tax exempt publicly owned real property does not constitute a basis for reappraising the possessory interest until the option is in fact exercised. The case of *Wrather Port Properties, Ltd. v. Los Angeles County*, 209 Cal.App.3d 517, is not to the contrary but merely holds that the restated term of possession in that particular case was the originally agreed term and not an extension of the term originally expressed in the lease document. C 2/28/91.